

COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2013

NEW OPPORTUNITIES, INC.

Table of Contents

		<u>Page</u>
Board of Directors		1
Independent Auditor's Report		2
	<u>Exhibit</u>	
Financial Statements:		
Statement of Financial Position - All Funds	A	4
Statement of Activities - All Funds	B	5
Statement of Changes in Net Assets - All Funds	C	6
Statement of Functional Expenses - Administrative Fund and Program Funds	D	7
Statement of Cash Flows	E	8
Notes to Financial Statements		10
	<u>Schedule</u>	
Supplemental Information:		
Schedule of Activities - Program Funds	1	22
Schedule of Expenditures of Federal Awards	2	25
Schedule of Revenues and Expenditures Compared to Budget:		
Community Services Block Grants	3	28
Low-Income Home Energy Assistance Program	4	29
Weatherization Assistance Programs	5- 8	30
Schedule of Revenues and Expenditures: Administrative Fund	9	34
Comments and Recommendations:		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		35
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		37
Schedule of Findings and Questioned Costs		39

NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Rick Hecht	Vice President
Jon Hays	Secretary
Bart Thoreson	Treasurer

Board Members

	<u>Representing</u>		
<u>County</u>	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Gary VanAernam	Pastor Jud Stover	Jon Hays
Calhoun	Gary Nicholson	Owen Englin	Vacancy
Carroll	Eugene Meiners	Maria Bretey	Robert McKone
Dallas	Mark Hanson	Pastor Enna Antunez	Chuck Yanders
Greene	Tom Contner	Joyce Morris	Teresa Mobley
Guthrie	Tom Rutledge	Vacancy	Teresa Mowrer
Sac	Rick Hecht	Kathy Brenny	Bart Thoreson

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

Report on the Financial Statements

We have audited the accompanying statement of financial position of New Opportunities, Inc. as of September 30, 2013 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors
New Opportunities, Inc.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of September 30, 2013, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended September 30, 2012 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included on page 1 and on Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2014 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering New Opportunities, Inc.'s internal control over financial reporting and compliance.

Donna M. Bell, CPA - W. P. C.

Atlantic, Iowa
January 28, 2014

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2013

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 206,692	\$ 559,407	\$ --	\$ 766,099
Investments	17,642	--	--	17,642
Receivables:				
Grantor agencies	--	524,105	--	524,105
Other sources	1,513	72,392	--	73,905
Prepaid expenses	1,797	--	--	1,797
Inventory	12,024	--	--	12,024
Deferred financing costs	37,409	--	--	37,409
Property and equipment at cost, less accumulated depreciation of \$614,832	--	--	2,063,501	2,063,501
Total Assets	<u>\$ 277,077</u>	<u>\$ 1,155,904</u>	<u>\$ 2,063,501</u>	<u>\$ 3,496,482</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Payables:				
Accounts	\$ 8,594	\$ 132,938	\$ --	\$ 141,532
Salaries and benefits	40,196	292,000	--	332,196
State advance	--	32,087	--	32,087
Deferred revenue	8,132	501,493	--	509,625
Revenue bond	<u>1,206,486</u>	<u>--</u>	<u>--</u>	<u>1,206,486</u>
Total Liabilities	1,263,408	958,518	--	2,221,926
Net Assets				
Unrestricted	(986,331)	--	1,899,193	912,862
Temporarily restricted by grantor agencies	--	197,386	164,308	361,694
Total Net Assets	<u>(986,331)</u>	<u>197,386</u>	<u>2,063,501</u>	<u>1,274,556</u>
Total Liabilities and Net Assets	<u>\$ 277,077</u>	<u>\$ 1,155,904</u>	<u>\$ 2,063,501</u>	<u>\$ 3,496,482</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2013

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 2,772,118	\$ --	\$ 2,772,118
U.S. Department of Health and Human Services	--	2,073,114	--	2,073,114
Iowa Department of Public Health	--	1,410,324	--	1,410,324
Iowa Department of Education	--	941,157	--	941,157
Iowa Department of Human Services	--	199,668	--	199,668
U.S. Department of Homeland Security	--	7,801	--	7,801
Various	--	32,324	--	32,324
In-Kind Contributions	--	490,620	--	490,620
Public Support and Contributions	2,149	454,420	--	456,569
Co-Funding	--	74,910	--	74,910
Investment Income	540	1	--	541
Rental income	121,533	--	--	121,533
Investment in Plant	--	--	59,266	59,266
Miscellaneous	16,718	420,866	--	437,584
Total Revenues	140,940	8,877,323	59,266	9,077,529
Expenses:				
Head Start	--	2,627,474	--	2,627,474
Community Services Block Grant (CSBG)	--	195,259	--	195,259
Low-Income Home Energy Assistance Program (LIHEAP)	--	1,737,698	--	1,737,698
Weatherization Assistance	--	635,928	--	635,928
Maternal and Child Health	--	242,125	--	242,125
Family Planning	--	84,411	--	84,411
Women, Infants and Children (WIC)	--	387,139	--	387,139
Child and Adult Care Food Program (CACFP) - Homes	--	436,403	--	436,403
Substance Abuse Programs	--	1,052,929	--	1,052,929
Empowerment Programs	--	466,537	--	466,537
Other Programs	--	977,917	--	977,917
Administration	28,464	--	--	28,464
Depreciation	--	--	128,230	128,230
Total Expenses	28,464	8,843,820	128,230	9,000,514
Excess of Revenues Over Expenses (Expenses Over Revenues)	112,476	33,503	(68,964)	77,015
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	6,543	--	--	6,543
Change in Net Assets	\$ 119,019	\$ 33,503	\$(68,964)	\$ 83,558

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Changes in Net Assets
All Funds
Year Ended September 30, 2013

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets at Beginning of Year	\$(1,105,350)	\$ 163,883	\$ 2,132,465	\$ 1,190,998
Change in Net Assets	<u>119,019</u>	<u>33,503</u>	<u>(68,964)</u>	<u>83,558</u>
Net Assets at End of Year	<u><u>\$(986,331)</u></u>	<u><u>\$ 197,386</u></u>	<u><u>\$ 2,063,501</u></u>	<u><u>\$ 1,274,556</u></u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Functional Expenses
Administrative Fund and Program Funds
Year Ended September 30, 2013

	Administrative Fund	Program Funds	Total
Salaries and wages	\$ 341,564	\$ 2,477,909	\$ 2,819,473
Fringe benefits	110,380	812,386	922,766
Accrued paid time off	(84,871)	78,163	(6,708)
Assistance to individuals	--	3,190,833	3,190,833
Professional fees and contracted services	23,415	165,165	188,580
Travel	15,405	147,342	162,747
Occupancy	19,357	267,150	286,507
Utilities and telephone	8,492	97,805	106,297
Supplies and materials	4,505	281,340	285,845
Equipment	10	96,136	96,146
Printing, publications and postage	1,980	40,204	42,184
Insurance	3,764	29,320	33,084
Interest expense	80,051	--	80,051
Amortization	1,392	--	1,392
Miscellaneous	4,690	92,867	97,557
Co-funding	--	74,910	74,910
In-kind:			
Labor	--	63,377	63,377
Materials and other	--	427,243	427,243
 Total Expenses Before Allocation of Indirect Costs	 530,134	 8,342,150	 8,872,284
Allocation of indirect costs	(501,670)	501,670	--
 Total Expenses	 <u>\$ 28,464</u>	 <u>\$ 8,843,820</u>	 <u>\$ 8,872,284</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2013

Cash flows from operating activities:	
Cash received from State Agencies	\$ 5,404,889
Cash received from Federal Grantors	2,080,087
Contributions received	456,569
Investment income	541
Other receipts	533,483
Cash paid to employees and suppliers	(8,054,847)
Interest paid	(80,051)
Net cash provided by operating activities	<u>340,671</u>
Cash flows from investing activities:	
Payments to acquire property and equipment	(77,984)
Change in investments	<u>2,246</u>
Net cash used in investing activities	<u>(75,738)</u>
Cash flows from financing activities:	
Principal paid on revenue bond	<u>(44,879)</u>
Net increase in cash	220,054
Cash and cash equivalents at beginning of year	<u>546,045</u>
Cash and cash equivalents at end of year	<u><u>\$ 766,099</u></u>

(continued next page)

NEW OPPORTUNITIES, INC.
Statement of Cash Flows - Continued
Year Ended September 30, 2013

Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 83,558
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	128,230
Amortization	1,392
Change in unrealized gains and losses on investments	(6,543)
Changes in assets and liabilities	
Receivables	51,404
Prepaid expenses	1,146
Inventory	(1,983)
Payables	(9,498)
Deferred revenue	92,965
Total adjustments	<u>257,113</u>
Net cash provided by operating activities	<u>\$ 340,671</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc. (the Agency), a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 79% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2013 to September 30, 2014.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenses are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenses that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses (expenses over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2013, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenses for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized into the Plant Fund. The cost of assets disposed of is deleted. No interest costs were capitalized during the year ended September 30, 2013.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative Fund. This liability has been computed based on rates of pay in effect at September 30, 2013.

Advertising and Promotion Costs - Advertising and promotion costs are expensed as they are incurred. Advertising and promotion costs totaled \$21,147 during the year ended September 30, 2013.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

G. Total Column

The total column on the combined statements of financial position, activities, and functional expenses is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate (15.5%) for fiscal year October 1, 2012 to September 30, 2013. The Indirect Cost allowed is calculated by multiplying the approved predetermined rate (15.5%) times the allocation base. The allocation base is the Agency's direct salaries and wages, including fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 3 - MANAGED CARE CONTRACT

The Agency's substance abuse treatment and rehabilitation services are being reimbursed under a managed care contract administered by Magellan Behavioral Health, Inc. The Agency received approximately 4% of its total support and revenue through this contract for the twelve months ended September 30, 2013. The Agency's managed care contract for its current five county service area has been renewed for fiscal year ending September 30, 2014.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2013 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Equity securities	\$ <u>17,642</u>
-------------------	------------------

All equity securities are classified as available for sale. None of the \$17,642 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2013:

Investment Income:	
Interest income	\$ 71
Dividend income	<u>470</u>
	<u>\$ 541</u>

Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	<u>\$ 6,543</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 5 - FAIR VALUE MEASUREMENTS

The Agency's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs were available for all investments at September 30, 2013.

Level 1 Fair Value Measurements

The fair value of publicly traded equity securities is based on quoted net asset values of the shares held by the Agency at year-end. Level 1 fair values for publicly traded equity securities using quoted prices on active markets for identical assets were \$17,642 at September 30, 2013.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2013, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Head Start	\$ 66,453	\$ 59,266	\$ 108,269	\$ 233,988
Maternal Health/Child Health	--	--	5,643	5,643
Low Income Home Energy Assistance Program	--	--	30,400	30,400
Substance Abuse	--	--	5,800	5,800
Weatherization Assistance	--	45,392	24,130	69,522
Women, Infants and Children	--	21,466	--	21,466
Community Service Block Grant	--	21,851	--	21,851
Other Grantors	--	--	7,297	7,297
General Agency	<u>2,231,020</u>	<u>19,609</u>	<u>31,737</u>	<u>2,282,366</u>
Total Cost	<u>2,297,473</u>	<u>167,584</u>	<u>213,276</u>	<u>2,678,333</u>
Less Accumulated Depreciation	<u>(355,681)</u>	<u>(92,798)</u>	<u>(166,353)</u>	<u>(614,832)</u>
Net	<u>\$1,941,792</u>	<u>\$ 74,786</u>	<u>\$ 46,923</u>	<u>\$2,063,501</u>

The components of the Agency's accumulated depreciation at September 30, 2013 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 267,874	\$ 195,181	\$ 153,190	\$ 616,245
Current Year Depreciation	87,807	22,681	17,742	128,230
Less Disposals	<u>--</u>	<u>(125,064)</u>	<u>(4,579)</u>	<u>(129,643)</u>
Balance End of Year	<u>\$ 355,681</u>	<u>\$ 92,798</u>	<u>\$ 166,353</u>	<u>\$ 614,832</u>

NOTE 7 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2013:

Revenue bond payable	<u>\$ 1,206,486</u>
----------------------	---------------------

The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 7 - REVENUE BOND - Continued

The principal and interest payments required on the bond for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 47,885	\$ 77,011	\$ 124,896
2015	51,092	73,804	124,896
2016	54,513	70,383	124,896
2017	58,164	66,732	124,896
2018	62,059	62,837	124,896
2019-2023	378,495	245,987	624,482
2024-2028	523,389	101,093	624,482
2029	30,889	337	31,226
	<u>\$ 1,206,486</u>	<u>\$ 698,184</u>	<u>\$ 1,904,670</u>

NOTE 8 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases copy machines, phone systems, and a mailing system under non-cancelable operating leases expiring through December, 2018.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2013 are as follows:

<u>Year Ending September 30,</u>	
2014	\$ 21,852
2015	4,674
2016	4,674
2017	4,674
2018	<u>1,169</u>
Total minimum future rental payments	<u>\$ 37,043</u>

Rental expense under all non-cancelable operating leases for the year ended September 30, 2013 totaled approximately \$27,511.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 9 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% (was 5.78% through June 30, 2013) of their annual salary and the Agency is required to contribute 8.93% (was 8.67% through June 30, 2013) of annual covered payroll. Contribution requirements are established by State statute. The Agency's contributions to IPERS for the years ended September 30, 2013, 2012, and 2011 were approximately \$236,100, \$232,400, and \$214,500, respectively, equal to the required contribution for that year.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 10 - EARLY CHILDHOOD IOWA LOCAL AREA

The Agency acts as fiscal agent for Partnership 4 Families (the Organization), an Early Childhood Iowa area created by Audubon, Carroll, Greene, and Guthrie counties pursuant to the provisions of Chapter 256I of the Code of Iowa. The Organization receives state grants to administer early childhood and school ready programs. Financial transactions of the Organization are included in the Agency's financial statements as a Program Fund because of the Agency's fiduciary relationship with the Organization. The Organization's financial data for the year ended June 30, 2013 is as follows:

	Early Childhood Funds	School Ready Funds	Total
State of Iowa Grants:			
Early childhood	\$ 51,958	\$ --	\$ 51,958
Family support & parent education	--	240,225	240,225
Preschool support for low- income families	--	105,476	105,476
Quality improvement	--	47,085	47,085
Allocation for administration	2,735	12,936	15,671
Other grant programs	--	25,763	25,763
Total State of Iowa Grants	<u>54,693</u>	<u>431,485</u>	<u>486,178</u>
Interest	<u>--</u>	<u>12</u>	<u>12</u>
Total Revenues	54,693	431,497	486,190
Program Services:			
Early childhood	51,958	--	51,958
Family support & parent education	--	240,225	240,225
Preschool support for low- income families	--	97,843	97,843
Quality improvement	--	44,093	44,093
Other program services	--	26,401	26,401
Total Program Services	<u>51,958</u>	<u>408,562</u>	<u>460,520</u>
Administration	<u>2,735</u>	<u>12,936</u>	<u>15,671</u>
Total Expenses	<u>54,693</u>	<u>421,498</u>	<u>476,191</u>
Net Change	--	9,999	9,999
Balances - beginning of year	<u>--</u>	<u>54,452</u>	<u>54,452</u>
Balances - end of year	<u>\$ --</u>	<u>\$ 64,451</u>	<u>\$ 64,451</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 10 - EARLY CHILDHOOD LOCAL AREA - Continued

Condensed Balance Sheet - Partnership 4 Families

Cash	\$ 88,347
Payable to Fiscal Agent	<u>(23,896)</u>
Net Assets	<u>\$ 64,451</u>

Reconciliation from Partnership 4 Families June 30, 2013 Financial Data to New Opportunities, Inc. September 30, 2013 Financial Data

Total revenues from July 1, 2012 to June 30, 2013	\$ 486,190
Less revenues from July 1, 2012 to September 30, 2012	(121,548)
Plus revenues from July 1, 2013 to September 30, 2013	125,753
Change in deferred revenue from September 30, 2012 to September 30, 2013	<u>(23,858)</u>

Total Revenue Earned by New Opportunities, Inc.
for Early Childhood Iowa for year ended
September 30, 2013

\$ 466,537

Total expenses from July 1, 2012 to June 30, 2013	\$ 476,191
Less expenses from July 1, 2012 to September 30, 2012	(120,798)
Plus expenses from July 1, 2013 to September 30, 2013	<u>111,144</u>

Total expenses by New Opportunities, Inc. for
Early Childhood Iowa for year ended
September 30, 2013

\$ 466,537

June 30, 2013 Net Assets	\$ 64,451
Plus revenues from July 1, 2013 to September 30, 2013	125,753
Less expenses from July 1, 2013 to September 30, 2013	<u>(111,144)</u>

September 30, 2013 Net Assets - Deferred
Revenue for New Opportunities, Inc.

\$ 79,060

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2013

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$200,000. The line of credit carries a variable interest rate (4.25% at September 30, 2013) and there was no amount borrowed on the line at September 30, 2013. The agreement expires in March, 2014.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Subsequent Event

The Agency has evaluated all subsequent events through January 28, 2014, the date the financial statements were available to be issued.

* * *

SUPPLEMENTAL INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2013

	<u>Head Start - Early Head Start</u>	<u>CSBG</u>	<u>County Outreach</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ 195,259	\$ --
U.S. Department of Health and Human Services	2,061,043	--	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	75,811	--	3,427
Iowa Department of Human Services	--	--	32,202
U.S. Department of Homeland Security	--	--	7,801
Various	--	--	--
In-Kind Contributions	490,620	--	--
Public Support and Contributions	--	--	200,580
Co-funding	--	--	49,721
Investment Income	--	--	--
Miscellaneous	--	--	2,340
	<hr/>	<hr/>	<hr/>
Total Revenues	2,627,474	195,259	296,071
Expenses:			
Salaries and wages	1,019,665	67,157	89,761
Fringe benefits	321,535	18,310	37,215
Accrued paid time off	28,012	2,102	5,702
Assistance to individuals	136,144	--	76,450
Professional fees and contracted services	22,217	2,790	289
Travel	34,232	4,595	10,176
Occupancy	118,086	1,541	21,612
Utilities and telephone	33,826	1,910	9,210
Supplies and materials	95,509	2,956	12,168
Equipment	69,684	1,262	3,891
Printing, publications and postage	7,689	511	2,047
Insurance	12,104	210	1,963
Miscellaneous	30,265	3,758	5,906
Co-Funding	--	74,910	--
In-Kind:			
Labor	63,377	--	--
Materials and other	427,243	--	--
	<hr/>	<hr/>	<hr/>
Total Expenses Before Allocation of Indirect Costs	2,419,588	182,012	276,390
Allocation of Indirect Costs	207,886	13,247	19,681
	<hr/>	<hr/>	<hr/>
Total Expenses	2,627,474	195,259	296,071
Change in Net Assets	--	--	--
Net Assets (Deficit) at Beginning of Year	--	--	(39,164)
Net Assets (Deficit) at End of Year	\$ --	\$ --	\$(39,164)

(continued next page)

Schedule 1

<u>CACFP</u>	<u>WIC</u>	<u>Child Health</u>	<u>Dental Health</u>	<u>Maternal Health</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	386,125	127,373	11,756	46,699
436,403	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	1,014	702	257	747
--	--	--	--	--
--	--	4,374	--	62,230
436,403	387,139	132,449	12,013	109,676
41,680	176,105	72,128	6,866	61,508
13,761	56,634	23,443	1,952	18,221
1,272	5,474	3,716	--	1,606
341,421	25,915	--	--	--
3,865	11,178	1,200	--	3,166
8,811	7,928	2,486	828	2,850
3,141	30,362	5,704	--	4,864
2,375	5,345	3,037	--	834
3,305	21,035	2,177	--	2,290
2,817	1,751	157	--	32
3,115	2,393	1,584	--	234
313	2,083	530	--	364
1,934	4,861	1,369	1,000	1,349
--	--	--	--	--
--	--	--	--	--
427,810	351,064	117,531	10,646	97,318
8,593	36,075	14,918	1,367	12,358
436,403	387,139	132,449	12,013	109,676
--	--	--	--	--
(9,786)	2,414	(25,805)	(13)	(17,491)
<u>\$(9,786)</u>	<u>\$ 2,414</u>	<u>\$(25,805)</u>	<u>\$(13)</u>	<u>\$(17,491)</u>

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2013

	<u>Family Planning</u>	<u>Hawk-I</u>	<u>Pregnancy Prevention</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	48,110	10,160	--
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	--	58,316
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	185	--	--
Co-funding	443	432	94
Investment Income	--	--	--
Miscellaneous	<u>35,673</u>	<u>--</u>	<u>--</u>
Total Revenues	84,411	10,592	58,410
Expenses:			
Salaries and wages	27,609	1,737	31,336
Fringe benefits	7,692	539	9,709
Accrued paid time off	(634)	--	1,366
Assistance to individuals	--	--	--
Professional fees and contracted services	5,325	5,841	--
Travel	1,844	275	2,703
Occupancy	9,575	--	--
Utilities and telephone	2,000	3	1,277
Supplies and materials	13,122	1,831	4,974
Equipment	63	--	--
Printing, publications and postage	1,314	13	77
Insurance	662	--	56
Miscellaneous	5,180	--	550
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	73,752	10,239	52,048
Allocation of Indirect Costs	<u>10,659</u>	<u>353</u>	<u>6,362</u>
Total Expenses	<u>84,411</u>	<u>10,592</u>	<u>58,410</u>
Change in Net Assets	--	--	--
Net Assets (Deficit) at Beginning of Year	(14,239)	(168)	54
Net Assets (Deficit) at End of Year	<u><u>\$(14,239)</u></u>	<u><u>\$(168)</u></u>	<u><u>\$ 54</u></u>

(continued next page)

LIHEAP	HEAP	Weatherization Assistance Programs		I-Smile
		Department of Energy	Utility Company	
\$ 1,737,698	\$ 389,710	\$ 217,682	\$ 231,769	\$ --
--	--	--	--	--
--	--	--	--	60,485
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	6,737
--	--	--	--	553
--	--	--	--	--
--	--	--	--	31,012
1,737,698	389,710	217,682	231,769	98,787
88,051	1,591	--	--	55,280
36,664	510	--	--	15,518
1,118	--	--	--	2,934
1,568,965	266,614	160,099	200,132	--
3,235	--	--	--	2,138
916	626	--	--	1,866
6,792	--	--	--	4,079
4,593	--	--	--	1,902
5,703	--	--	--	2,337
10	2,912	--	--	72
1,416	--	--	--	219
564	2,374	--	--	370
340	114,757	57,583	31,637	1,098
--	--	--	--	--
--	--	--	--	--
1,718,367	389,384	217,682	231,769	87,813
19,331	326	--	--	10,974
1,737,698	389,710	217,682	231,769	98,787
--	--	--	--	--
--	--	--	--	(916)
\$ --	\$ --	\$ --	\$ --	\$(916)

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2013

	<u>Child Lead</u>	<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	16,938	277,854	420,547
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	56,007	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	99,214	32,168
Co-funding	--	5,324	--
Investment Income	--	1	--
Miscellaneous	<u>47,135</u>	<u>42,102</u>	<u>148,149</u>
Total Revenues	64,073	480,502	600,864
Expenses:			
Salaries and wages	28,414	220,953	273,461
Fringe benefits	9,679	78,068	94,856
Accrued paid time off	166	5,659	8,579
Assistance to individuals	--	--	30,434
Professional fees and contracted services	3,166	2,338	1,988
Travel	201	27,153	18,860
Occupancy	1,439	12,791	29,546
Utilities and telephone	334	7,793	13,531
Supplies and materials	12,954	55,283	21,364
Equipment	914	2,079	4,106
Printing, publications and postage	171	7,674	10,644
Insurance	91	1,287	2,196
Miscellaneous	640	10,589	8,260
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	58,169	431,667	517,825
Allocation of Indirect Costs	<u>5,904</u>	<u>46,348</u>	<u>57,089</u>
Total Expenses	<u>64,073</u>	<u>478,015</u>	<u>574,914</u>
Change in Net Assets	--	2,487	25,950
Net Assets (Deficit) at Beginning of Year	<u>10,908</u>	<u>80,543</u>	<u>343,251</u>
Net Assets (Deficit) at End of Year	<u>\$ 10,908</u>	<u>\$ 83,030</u>	<u>\$ 369,201</u>

See accompanying independent auditor's report.

Early Childhood Iowa	DCAT	Other	Eliminations	Total
\$ --	\$ --	\$ --	\$ --	\$ 2,772,118
--	--	12,071	--	2,073,114
--	--	4,277	--	1,410,324
425,516	--	--	--	941,157
41,021	12,122	--	--	199,668
--	--	--	--	7,801
--	--	32,324	--	32,324
--	--	--	--	490,620
--	--	115,536	--	454,420
--	--	15,623	--	74,910
--	--	--	--	1
--	--	251,084	(203,233)	420,866
466,537	12,122	430,915	(203,233)	8,877,323
40,912	--	173,695	--	2,477,909
12,793	--	55,287	--	812,386
2,620	--	8,471	--	78,163
306,943	--	77,716	--	3,190,833
79,303	10,326	6,800	--	165,165
3,824	860	16,308	--	147,342
3,000	--	14,618	--	267,150
1,131	--	8,704	--	97,805
1,869	331	22,132	--	281,340
--	--	6,386	--	96,136
256	--	847	--	40,204
1,353	--	2,800	--	29,320
12,533	605	1,886	(203,233)	92,867
--	--	--	--	74,910
--	--	--	--	63,377
--	--	--	--	427,243
466,537	12,122	395,650	(203,233)	8,342,150
--	--	30,199	--	501,670
466,537	12,122	425,849	(203,233)	8,843,820
--	--	5,066	--	33,503
--	22	(165,727)	--	163,883
\$ --	\$ 22	\$(160,661)	\$ --	\$ 197,386

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Direct Programs		
Health Center Planning Grant	93.527	P04CS22836
Head Start Program	93.600	07CH 6107/46
Head Start Program	93.600	07CH 6107/47
Head Start Program	93.600	07CH 7055/01
Early Head Start	93.600	07CH 6107/46
Early Head Start	93.600	07CH 6107/47
Early Head Start	93.600	07CH 7055/01
Indirect Programs		
Passed through Iowa Department of Human Rights		
Low-Income Home Energy Assistance Program	93.568	LIHEAP-13-01
Weatherization Assistance	93.568	HEAP 12-01
Weatherization Assistance	93.568	HEAP 13-01
Community Services Block Grant	93.569	CSBG 12-01
Community Services Block Grant	93.569	CSBG 13-01
Passed through Iowa Department of Public Health		
Family Planning	93.217	5883 MH07
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5883 CP04
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5884 CP04
Access to Recovery	93.275	5881 AC07
CHIPRA II Teen Outreach	93.767	5883 MH07
Comprehensive Substance Abuse Prevention	93.959	5883 CP04
Comprehensive Substance Abuse Prevention	93.959	5884 CP04
Substance Abuse Prevention and Treatment Block Grant	93.959	MIS-209851-000
Substance Abuse Prevention and Treatment Block Grant	93.959	MIS-209851-000
Maternal Health	93.994	5883 MH07
Child Health	93.994	5883 MH07
Dental Health	93.994	5883 MH07

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
09/01/11 - 12/31/12	\$ 12,071
12/01/11 - 11/30/12	329,603
12/01/12 - 06/30/13	1,077,638
07/01/13 - 11/30/13	209,465
12/01/11 - 11/30/12	78,786
12/01/12 - 06/30/13	269,998
07/01/13 - 11/30/13	<u>95,553</u>
	2,061,043
10/01/12 - 09/30/13	1,737,698
01/01/12 - 12/31/12	162,593
01/01/13 - 12/31/13	<u>227,117</u>
	2,127,408
10/01/11 - 09/30/13	143,497
10/01/12 - 12/31/13	<u>51,762</u>
	195,259
10/01/12 - 09/30/13	48,110
07/01/12 - 06/30/13	112,952
07/01/13 - 06/30/14	<u>32,160</u>
	145,112
12/01/10 - 09/30/14	91,685
10/01/12 - 09/30/13	4,277
07/01/12 - 06/30/13	45,144
07/01/13 - 06/30/14	13,636
07/01/12 - 06/30/13	76,760
07/01/13 - 06/30/14	<u>29,335</u>
	164,875
10/01/12 - 09/30/13	36,086
10/01/12 - 09/30/13	39,144
10/01/12 - 09/30/13	<u>4,849</u>
	80,079

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Indirect Programs - Continued		
Passed through Iowa Department of Human Services		
Promoting Safe and Stable Families	93.556	DCAT1-12-033
Iowa Child Abuse Prevention Program	93.556	ACFS-14-078
Community for Adolescent Pregnancy Prevention	93.558	ACFS-13-003
Community for Adolescent Pregnancy Prevention	93.558	ACFS-14-187
Iowa Child Abuse Prevention Program	93.558	ACFS-14-078
Social Services Block Grant	93.667	V2010-05-05
Social Services Block Grant	93.667	V2010-05-05
Iowa Child Abuse Prevention Program	93.669	ACFS-14-078
Passed through Partnership 4 Families		
Early Childhood Funds Under Empowerment	93.575	ACFS-13-017
<i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Homeland Security		
Direct Program		
Emergency Food and Shelter Program	97.024	EFSP - Phase 30
U.S. Department of Energy		
Indirect Programs		
Passed through Iowa Department of Human Rights		
Weatherization Assistance	81.042	DOE-12-01
Weatherization Assistance	81.042	DOE-13-01
<i>Total U.S. Department of Energy</i>		
U.S. Department of Agriculture		
Indirect Programs		
Passed through Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5883 A033
Passed through Iowa Department of Education		
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	14-8010
Summer Food Service Program	10.559	14-8010
Passed through Iowa Department of Agriculture & Land Stewardship		
Farmers Market	10.572	3IA810850
<i>Total U.S. Department of Agriculture</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
07/01/12 - 06/30/13	\$ 8,638
07/01/13 - 06/30/14	<u>1,315</u>
	9,953
07/01/12 - 06/30/13	46,291
07/01/13 - 06/30/14	12,025
07/01/13 - 06/30/14	<u>225</u>
	58,541
07/01/12 - 06/30/13	736
07/01/13 - 06/30/14	<u>237</u>
	973
07/01/13 - 06/30/14	9
07/01/12 - 06/30/13	<u>41,021</u>
	<u>5,040,416</u>
01/01/12 - 08/31/13	7,801
04/01/12 - 12/31/13	81,062
08/01/13 - 03/31/14	<u>136,620</u>
	217,682
10/01/12 - 09/30/13	386,125
10/01/12 - 09/30/13	436,403
10/01/12 - 09/30/13	<u>75,811</u>
	512,214
10/01/12 - 09/30/13	3,427
05/01/11 - 12/31/14	<u>531</u>
	902,297

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Housing and Urban Development		
Indirect Programs		
Passed through Iowa Finance Authority		
Emergency Solutions Grant	14.231	E-12-DC-19-0001
Total Expenditures of Federal Awards		
<i>Total Direct Programs</i>		
<i>Total Indirect Programs</i>		

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of New Opportunities, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

Schedule 2

<u>Period of Grant</u>	<u>Federal Expenditures</u>
01/01/12 - 12/31/12	\$ 10,314
	<u>\$ 6,178,510</u>
	\$ 2,080,915
	\$ 4,097,595

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Community Services Block Grants
Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 12-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 143,497	\$ 143,497	\$ --
Program Expenditures:			
Personnel	\$ 68,240	\$ 71,404	\$(3,164)
Travel	3,632	3,528	104
Space Costs	1,593	1,596	(3)
Equipment	4,000	3,492	508
Co-Funded Programs	43,431	42,435	996
Other Costs	12,401	9,974	2,427
Indirect Costs	10,200	11,068	(868)
Total Expenditures	\$ 143,497	\$ 143,497	\$ --
<u>Contract Number CSBG 13-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 221,711	\$ 51,762	\$ 169,949
Program Expenditures:			
Personnel	\$ 94,000	\$ 14,062	\$ 79,938
Travel	5,500	1,067	4,433
Space Costs	2,000	298	1,702
Equipment	2,500	495	2,005
Co-Funded Programs	96,135	32,475	63,660
Other Costs	7,446	1,185	6,261
Indirect Costs	14,130	2,180	11,950
Total Expenditures	\$ 221,711	\$ 51,762	\$ 169,949

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Low-Income Home Energy Assistance Program
 Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP-13-01-B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,766,004	\$ 1,737,698	\$ 28,306
Program Expenditures:			
Regular Assistance	\$ 1,335,190	\$ 1,306,884	\$ 28,306
Energy Crisis Intervention Payments	78,864	78,864	--
Client Services	22,008	22,008	--
Summer Deliverable Fuel Program	183,217	183,217	--
Administration Costs	146,725	146,725	--
Total Expenditures	\$ 1,766,004	\$ 1,737,698	\$ 28,306

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 472,906	\$ 162,593	\$ 310,313
Program Expenditures:			
Administration Costs	\$ 27,133	\$ 9,500	\$ 17,633
Weatherization Materials	124,825	34,003	90,822
Support Costs	115,372	43,201	72,171
Labor	122,694	32,742	89,952
Health and Safety	64,416	40,055	24,361
Equipment and Training	20,716	3,092	17,624
Pollution Occurrence Insurance	(2,250)	--	(2,250)
Total Expenditures	\$ 472,906	\$ 162,593	\$ 310,313
<u>Contract Number HEAP 13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 666,147	\$ 227,117	\$ 439,030
Program Expenditures:			
Administration Costs	\$ 34,817	\$ 11,256	\$ 23,561
Weatherization Materials	162,950	41,507	121,443
Support Costs	156,730	50,057	106,673
Labor	162,950	45,529	117,421
Health and Safety	121,076	72,777	48,299
Equipment and Training	27,624	3,618	24,006
Pollution Occurrence Insurance	--	2,373	(2,373)
Total Expenditures	\$ 666,147	\$ 227,117	\$ 439,030

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE-12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 81,062	\$ 81,062	\$ --
Program Expenditures:			
Administration Costs	\$ 1,749	\$ 1,749	\$ --
Administration - Equipment	3,000	--	3,000
Weatherization Materials	31,340	24,368	6,972
Support Costs	8,394	8,394	--
Labor	17,244	27,512	(10,268)
Health and Safety	19,335	19,039	296
Total Expenditures	<u>\$ 81,062</u>	<u>\$ 81,062</u>	<u>\$ --</u>
<u>Contract Number DOE-13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 142,349	\$ 136,620	\$ 5,729
Program Expenditures:			
Administration Costs	\$ 15,490	\$ 14,584	\$ 906
Administration - Equipment	--	--	--
Weatherization Materials	34,316	26,117	8,199
Support Costs	32,855	32,855	--
Labor	34,316	31,239	3,077
Health and Safety	25,372	31,825	(6,453)
Total Expenditures	<u>\$ 142,349</u>	<u>\$ 136,620</u>	<u>\$ 5,729</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 12-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 11,822	\$ 11,822	\$ --
Program Expenditures:			
Administrative Costs	\$ 863	\$ 452	\$ 411
Support Costs	1,133	1,133	--
Labor	4,542	5,658	(1,116)
Weatherization Materials	5,284	4,579	705
Total Expenditures	\$ 11,822	\$ 11,822	\$ --
<u>Contract Number IPL 12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 21,720	\$ 21,720	\$ --
Program Expenditures:			
Administrative Costs	\$ 1,792	\$ 1,131	\$ 661
Support Costs	2,044	2,044	--
Labor	8,162	8,875	(713)
Weatherization Materials	9,722	9,670	52
Total Expenditures	\$ 21,720	\$ 21,720	\$ --
<u>Contract Number MEC 12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 24,036	\$ 24,036	\$ --
Program Expenditures:			
Administrative Costs	\$ 3,206	\$ 2,927	\$ 279
Support Costs	2,047	2,047	--
Labor	11,246	11,104	142
Weatherization Materials	7,537	7,958	(421)
Total Expenditures	\$ 24,036	\$ 24,036	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 13-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 23,789	\$ 23,789	\$ --
Program Expenditures:			
Administrative Costs	\$ 1,190	\$ 1,190	\$ --
Support Costs	2,379	2,379	--
Labor	10,110	8,913	1,197
Weatherization Materials	10,110	11,307	(1,197)
Total Expenditures	\$ 23,789	\$ 23,789	\$ --
<u>Contract Number IPL 13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 51,247	\$ 51,247	\$ --
Program Expenditures:			
Administrative Costs	\$ 2,562	\$ 2,562	\$ --
Support Costs	5,125	5,125	--
Labor	21,780	22,420	(640)
Weatherization Materials	21,780	21,140	640
Total Expenditures	\$ 51,247	\$ 51,247	\$ --
<u>Contract Number MEC 13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 114,074	\$ 99,155	\$ 14,919
Program Expenditures:			
Administrative Costs	\$ 5,704	\$ --	\$ 5,704
Support Costs	11,406	10,648	758
Labor	48,482	47,473	1,009
Weatherization Materials	48,482	41,034	7,448
Total Expenditures	\$ 114,074	\$ 99,155	\$ 14,919

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures
Administrative Fund
Year Ended September 30, 2013

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Public Support and Contributions	\$ 2,149	\$ --	\$ 2,149
Investment Income	540	--	540
Rental Income	121,533	--	121,533
Miscellaneous	<u>16,718</u>	<u>--</u>	<u>16,718</u>
Total Revenues	<u>\$ 140,940</u>	<u>\$ --</u>	<u>\$ 140,940</u>
Expenditures:			
Salaries and Wages	\$ --	\$ 341,564	\$ 341,564
Fringe Benefits	--	110,380	110,380
Accrued Paid Time Off	(84,871)	--	(84,871)
Professional Fees and Contracted Services	--	23,415	23,415
Travel	3,946	11,459	15,405
Occupancy	1,476	17,881	19,357
Utilities and Telephone	205	8,287	8,492
Supplies and Materials	895	3,610	4,505
Equipment	10	--	10
Printing, Publications and Postage	59	1,921	1,980
Insurance	--	3,764	3,764
Interest Expense	80,051	--	80,051
Amortization	1,392	--	1,392
Miscellaneous	<u>1,624</u>	<u>3,066</u>	<u>4,690</u>
Total Expenditures Before Allocation of Indirect Costs	4,787	525,347	530,134
Allocation of Indirect Costs	<u>--</u>	<u>(501,670)</u>	<u>(501,670)</u>
Total Expenditures	<u>\$ 4,787</u>	<u>\$ 23,677</u>	<u>\$ 28,464</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

We have audited the financial statements of New Opportunities, Inc. as of and for the year ended September 30, 2013, and have issued our report thereon dated January 28, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Opportunities, Inc.'s internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Directors of
New Opportunities, Inc.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donenold, Bell, Hyler + W. P. C.

Atlantic, Iowa
January 28, 2014

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

Report on Compliance for Each Major Federal Program

We have audited New Opportunities, Inc.'s compliance with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of New Opportunities, Inc.'s major federal programs for the year ended September 30, 2013. The Agency's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management of New Opportunities, Inc. is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

To the Board of Directors of
New Opportunities, Inc.

Opinion on Each Major Federal Program

In our opinion, New Opportunities, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Armonde, Bell, Thyer & Co. P.C.

Atlantic, Iowa
January 28, 2014

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2013

PART I: Summary of the Independent Auditor's Results

Financial Statements

- (a) Type of auditor's report issued:
- Unmodified.
- (b) Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (c) Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (e) Type of auditor's report issued on compliance for major programs:
- Unmodified.
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133? ☐ yes ☒ no
- (g) Identification of major programs:
- Low Income Home Energy Assistance Program:
- CFDA Number 93.568
- Child and Adult Care Fund Program:
- CFDA Number 10.558
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (i) Auditee qualified as low-risk auditee? ☒ yes ☐ no

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2013

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

Early Childhood Iowa Area Board: New Opportunities, Inc. (the Agency) is the fiscal agent for Partnership 4 Families (the Organization), an Early Childhood Iowa organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Organization are included in the Agency's financial statements because of the Agency's fiduciary relationship with the Organization. A reconciliation of the Organization's June 30, 2013 financial data to the Agency's September 30, 2013 financial data is included as part of Note 10 to the financial statements.

No instances of non-compliance were noted as a result of the audit procedures performed.

* * *